

CHILDREN AND FAMILIES OVERVIEW AND SCRUTINY COMMITTEE
25 JANUARY 2022

MEDIUM TERM FINANCIAL STRATEGY 2022/23 – 2025/26

MINUTE EXTRACT

Medium Term Financial Strategy 2022/23 – 2025/26

The Committee considered a joint report of the Director of Children and Family Services and the Director of Corporate Resources which provided information on the proposed 2022/23 to 2025/26 Medium Term Financial Strategy (MTFS) as it related to the Children and Family Services department. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The Chairman welcomed Mrs. D. Taylor CC, Lead Member for Children and Family Services, to the meeting for this item.

Arising from the discussion, the following points were raised:

Service Transformation

- i) Demand for children and family services continued to increase with growth of £25m projected. In response to the pressures, the department had embarked on four main programmes of work – the High Needs Development Programme, Defining Children and Family Services for the Future (DCFSF), the Children's Innovation Partnership and departmental efficiencies. It was acknowledged that further work was still required, but the department now had new ways of working to respond to the ongoing pressures and to continue to create a more efficient service.

Proposed Revenue Budget

- ii) The total gross proposed budget for 2022/23 was £703.1m, which included £482m Dedicated Schools Grant budget. The proposed net budget for 2022/23 totalled £90.5m. The largest cost to the budget was children in care and it was queried whether a breakdown could be given of how this was spent. The Director of Children and Family Services confirmed that the majority related to placement costs with a proportion also relating to staffing. A breakdown was available of how many children were in different placements and the associated costs; the number of children in care, the total costs and the average unit costs were tracked and this would be circulated to members of the Committee.

- iii) A member raised the point that growth over the next four years was not just about demand but also related to meeting the complexity of needs. It was queried whether the demand could be met due to the current high level of strain on services. In response, the Director stated that the department had a number of statutory requirements that needed to be met. The growth projections incorporated the increase in demand for services, particularly relating to children in care. The department was also considering other areas where demand could be reduced.
- iv) It was raised that an increase in demand for services could lead to an increase in the demand for social workers. A question was raised around the impact that this would have on the County Council in recruiting appropriate staff. The Director responded that there had been a projection for the need for more social workers. Recruitment and retention of social workers was a national issue and the County Council had undertaken lots of work to consider how it might attract staff and ensure that they remained with Leicestershire. The department's Recruitment and Retention Strategy set out plans to address this.

Growth

- v) Growth over the next four years totalled £25.1m. The majority of the growth requirement related to continued increases in demand and the complexity of needs for children's social care services which culminated in increased placement costs and the need for more social workers.
- vi) It was noted that G1 – Social Care Placements – should read £2.265m in 2022/23 rising to £19.25m by 2025/26. The budgeted growth over four years assumed a 5% increase due to the significant work undertaken within the department with the DCFSF programme. These had been projected based on the number of children expected to be in care and the type of placements. Average unit prices for placements had also seen an increase, with a number of factors affecting this. As mitigation, placements and the costs were continuously reviewed within the department. Further investment was being made to build Leicestershire County Council owned residential homes as part of the Children's Innovation Partnership.
- vii) In relation to G2 – Front Line Social Care Staff – Increased Caseloads – investment in additional front-line social care staff capacity was required. The growth was based on the number of social workers and support staff required to support the number of projected contacts and children. It was noted that the use of agency staff would still be needed.
- viii) £5.6m had been budgeted to employ more social work staff to support the growth in demand. However, it was queried whether the proposed growth for the social care staff market premia (G3) should be increased in order to retain existing staff and prevent them from moving to a different local authority which may pay a higher salary. The Director commented that the market premia was one of many initiatives being undertaken as part of the

Recruitment and Retention strategy. Whilst it was known that a salary which compared well with other regional local authorities was desirable, Leicestershire offered a range of other features to encourage the retention of its staff, for example training and development, good supervision and manageable caseloads.

Savings

- ix) Proposed savings for the local authority budget totalled £3.77m in 2022/23 and £14.5m over the next four years in total. Additionally, the High Needs Development Plan aimed to ensure sustainable services for children and young people with Special Educational Needs within the High Needs Block of the Dedicated Schools Grant. In order to achieve this, cost reductions of £25.8m were required over the period of the MTFS.
- x) The DCFSF Programme (CF1) was expected to realise total annualised benefits in excess of £13m. Positive early indications had been seen in the current financial year resulting in an underspend of approximately £2m against the budget.
- xi) The financial benefits from the Children's Innovation Partnership (CF4) were expected to be seen from reduced placement costs and social worker resource. A comment was made that it had previously been necessary to place children out of county in very expensive settings, and it was asked whether the profile had changed so that children were now placed in more local settings. The Director stated that a change in the type of placements was being seen and fewer children were placed a long way away. Primarily, where children were placed out of Leicestershire, it was because the placement met their needs. It was noted that there was a national challenge in securing placements along with an increased cost of placements for children.
- xii) There were currently 57 young people in residential care, with the majority having more complex needs. Key pieces of work were in place to consider the appropriateness of residential care, particularly as there had been a significant cost increase. Assurance was given that the department had clear ownership of its children in residential care and understood their needs to ensure that no child remained in residential care where it was not appropriate. Clear trajectory plans were in place to take children out of care when possible and it was also stated that there had been an increase in younger children in residential care due to their complex needs. The Lead Member for Children and Families commented that there had been a shift in the department's work undertaken with partners to better support children and avoid residential placements where possible.
- xiii) A member questioned whether there had been an increase in foster caring, and it was reported that part of the work of the DCFSF programme had been to increase the utilisation of in-house foster care provision and this was now being seen. Bespoke campaigns had been undertaken to increase the number of foster carers who would take teenagers due to an

increase in the number of 15/16 year olds entering care. Consideration was also being given to a greater use of kinship care and the benefits of looking beyond foster care were beginning to be seen.

- xiv) To date, around £1m departmental efficiency savings (CF5) had been identified. Further savings were currently being identified. As the DCFSF programme new ways of working were embedded, further analysis would be undertaken to identify potential new opportunities to take forward in a number of areas.

Dedicated Schools Grant (DSG)/Schools Block

- xv) The DSG remained calculated in four separate blocks – the Schools Block, Central Schools Services Block, High Needs Block and Early Years. The estimated DSG for 2022/23 totalled £605.3m. The 2022/23 MTFS continued to set the overall Schools Budget as a net nil budget at local authority level. However, there was a funding gap of £9.1m on the High Needs Block which would be carried forward as an overspend against the grant.
- xvi) In relation to the Schools Block, the DfE had further stated its intention to move to a ‘hard’ National Funding Formula (NFF), whereby budget allocations for all schools was calculated by the DfE. For 2022/23, funding remained a ‘soft’ school funding formula whilst the outcome of consultation was awaited.

School Funding Formula

- xvii) Despite an overall increase in the minimum amount of funding per pupil, a number of Leicestershire schools remained on the funding floor and could experience a real term decrease in income. Schools with a decrease in pupil numbers would see an overall decrease in budget allocation. It was possible for local authorities to transfer up to 0.5% of the Schools Block DSG to High Needs following consultation with schools and with the approval of the Schools Forum. Consultation had been carried out with schools on two options for a transfer, with the majority disagreeing. A request to the Secretary of State for approval of the transfer had also not been approved.

High Needs

- xviii) The High Needs DSG was £94.7m, which was an increase of 14%. The forecast position was highlighted although the financial plan would be subject to change following the findings of diagnostic work currently being completed by Newton Europe. These findings would be reported to the Committee.
- xix) The provisional Early Years Block settlement was £36.1m; the final allocation would not be confirmed until June 2023. Although there had

been an increase in the hourly rate, Leicestershire remained on the funding floor and received the lowest rate of funding.

Capital Programme

- xx) The proposed Children and Family Services capital programme totalled £94.1m, the majority (£89.1m) for which external funding was expected. The programme continued to focus on the delivery of additional school places and additional places to support the High Needs Development Plan.
- xxi) A capital investment budget envelope of £2.5m had previously been included in the MTFS to develop and assessment hub and multi-functional properties to create in-house capacity to provide placements at a lower cost. This was progressing well and the next phase in the Residential Design Brief was to source a further four properties to create additional residential capacity up to a total of £1.9m.

RESOLVED:

- a) That the report and information now provided be noted;
- b) That the comments now made be forwarded to the Scrutiny Commission for consideration at its meeting on 31 January 2022.

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